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## INDUSTRIAL PROGRESS IN PORTO RICO.

BY BEEKMAN WINTHROP, GOVERNOR OF PORTO RICO.

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THE sweeping criticism implied in the title of the late General Roy Stone's article, "Our Failure in Porto Rico," which appeared in the September number of this REVIEW, as well as his inaccurate comparisons and statistics, has induced me to make a brief reply, to correct, in so far as possible, the unjust impression which the article gives of the results of American administration in this island.

Let me state at the outset that the provision of the joint resolution of Congress of May 1st, 1900, of which General Stone complained, has undoubtedly restricted the investment of American capital in large agricultural undertakings, especially in the construction and operation of sugar centrals or mills for the grinding of the cane. This resolution provides that: "Every corporation hereafter authorized to engage in agriculture shall, by its charter, be restricted to ownership and control of not to exceed five hundred acres of land; and this provision shall be held to prevent any member of a corporation engaged in agriculture from being in any wise interested in any other corporation engaged in agriculture." The construction of a sugar central, with its very expensive and complicated machinery, requires the investment of a large amount of capital. The two centrals built since American occupation, for example, represent each an outlay of, approximately, two millions of dollars. To secure a proper return on this investment, the central must be assured of an unfailing supply of cane to keep its plant in operation day and night during the grinding season. For this purpose, the control of five hundred acres of land is entirely inadequate. The modification, if not the repeal, of this restriction is desirable; and it is to be hoped that Congress will take such action during the present session.

But, however advantageous such action by Congress would be, it is by no means the legislation most necessary for the future of the island. It is far more essential that the coffee of our tropical possessions, Porto Rico, Hawaii and the Philippines, receive the stimulus of a protective duty. Again, it is manifestly unfair to place the responsibility for the commercial depression suffered in Porto Rico immediately after the Spanish War, and still felt in the coffee trade, solely upon the restrictions of this congressional resolution. Less than ten months after the American occupation, on August 8, 1899, Porto Rico was devastated by the most disastrous hurricane known in the history of the island. Probably ninety per cent.\* of the coffee crop, which at that time formed the principal basis of the wealth of the island, was destroyed, and by far the greater part of the plantations was seriously injured by the uprooting of the shade-trees, under which the coffee grows, as well as of the coffee-plants themselves. In some instances, indeed, the rich soil of the hillside plantations was washed into the valleys below and only the bare rock left. Millions of dollars' worth of property of all kinds was wiped out of existence, and approximately three thousand lives were lost. Practically all the coffee-planters at that time were carrying on their operations by means of borrowed capital, the land and ripening crop being heavily mortgaged, and the proceeds used in educating their sons and daughters in Europe and in the United States, and in extending their planted acreage. The cyclone not only deprived them of the means of paying either the mortgages or the interest, but left them without a possible means of securing additional credit to repair the damage done and to plant anew. The right to foreclose mortgages was suspended for two years; but still there was no way by which the planters could secure the necessary capital, and the lack of cultivation during these years completed the disastrous work begun by the cyclone. The situation immediately before and after the war is thus described by a Porto-Rican of considerable experience:

"Not all of the planters prospered, however, during the long period of good prices. Excessive expenditures, unnecessary expansion in buying new lands, money borrowed at high interest, and other causes, principally the changing from the gold basis to silver, which apparently, but

\* Report of Brigadier-General Davis, Military Governor of Porto Rico, p. 211.

only apparently, favored their interests, resulted in bad times for the planters, who found themselves involved in debt. The war came; burning of plantations was of daily occurrence, the demand from Spain and Cuba was annulled, and the price was lower than could be remembered in a generation. Hopes, however, were bright for a good crop and good prices, but the hurricane of the 8th of August brought the final collapse.”\*

Nor was coffee the only crop injured. Extensive damage was done to sugar-cane, cocoanut and orange trees. This disaster, however, certainly cannot be placed at the doors of the United States Government. Other causes, beyond the control of the Government, at the same time injuriously affected the industrial situation. At this time, also, the price of coffee fell, owing to the large amount of this product exported from Brazil, while the necessary readjustment of the channels of trade caused by the change of sovereignty and the loss of the free Spanish market, naturally contributed temporarily to retard the industrial progress. Not only is it manifestly unfair, therefore, to contrast the conditions existing in Porto Rico under the Spanish and American rules by a comparison of the value of the exports for the two years prior to American occupation with those for the two years immediately subsequent, as General Stone apparently attempted to do at the beginning of his article, but these figures themselves are misleading. He states the “value of merchandise exported from Porto Rico for two years before the American occupation, \$36,051,632; same for two years after occupation, \$16,769,040.” Now, the value of the exports for the two years prior to the American occupation is here expressed in silver, while the exports for the two subsequent years represent gold. Brought to the gold standard, by taking the generous basis at which the Spanish “peso” was redeemed by the United States Government, the correct figures as shown by custom-house statistics should be \$22,548,805 for the years 1896 and 1897, as compared with \$16,769,040 for 1899 and 1900; a showing which is not so damaging when one considers that, immediately prior to the American occupation, two-thirds of the total value of the exports consisted of coffee, which, as has been stated, was almost entirely destroyed by the hurricane of 1899. It was due to this disaster that the exports declined from \$10,156,541 in 1899 to \$6,612,499 in 1900.

\* M. Badrena, in “The Report of the Census of Porto Rico, 1899,” page 126.

The following table of the values of the exports of the three principal agricultural products of the island will show a steady and healthy increase, with the exception of the trade in coffee, of which I shall speak later:

Fiscal years ending June 30th.					
	1901.	1902.	1903.	1904.	1905
Sugar .....	\$4,715,708	\$5,890,302	\$7,470,122	\$8,690,814	\$11,925,804
Coffee .....	1,678,765	3,195,662	3,970,574	3,903,257	2,141,009
Cigars and Tobacco	683,511	1,763,821	1,958,008	1,747,066	2,590,609
All other Products.	1,505,983	1,584,171	1,690,375	1,924,766	2,052,143
Total Exports..	\$8,583,967	\$12,433,956	\$15,089,079	\$16,265,903	\$18,709,565

Comparing the two calendar years prior to the American occupation with the last two fiscal years, it will be seen that the value of the exports during the former period was \$22,548,805, as compared with \$34,975,468 during 1904 and 1905, an increase in eight years of over fifty per cent. During the past five years, the sugar crop has increased more than one hundred and fifty per cent., while tobacco has advanced nearly three hundred per cent. The large increase in the value of the sugar exported during the past year is due, it is true, in part, to the unusually high prices which have prevailed; still, the amount has about doubled during the past five years and now reaches more than 135,000 tons—thirty-five per cent. more than General Stone estimated. General Stone further stated that, at the present time, the island produces much less sugar “than in its palmiest Spanish days.” This is incorrect. The largest amount of sugar produced in Porto Rico in any one year prior to American occupation was in 1884, when 109,000 tons were exported, or about four-fifths of last year’s crop.\* In 1897, the last year of Spanish rule, this amount was reduced to 63,530 tons, less than one-half of the quantity for the past fiscal year. Many more acres have recently been planted, and the sugar crop for the present year will undoubtedly be considerably greater in quantity—twenty per cent., according to a conservative estimate—although it is doubtful if it will bring as good prices. Up to the present time, but little or no attention has been given to the scientific use of fertilizers. Through systematic irrigation and fertilization the yield per acre in Hawaii has reached an average of six tons, and in some instances, in favorably situated plantations, the enormous production of fifteen

\* “*Estadistica General de Comercio Exterior de la Provincia de Puerto Rico.*”

tons per acre has been reached. The average yield in Porto Rico is barely two tons per acre, but there is no reason why, with the same care given to the land as in Hawaii, the tonnage per acre should not be nearly the same. At the present time, in addition to the two centrals mentioned by General Stone, a number of mills have been remodelled and equipped with modern machinery, and two large sugar centrals are under construction on the east coast. These will, undoubtedly, do much to introduce scientific methods of cultivation.

Unfortunately, coffee has not such a bright outlook and, indeed, stands in urgent need of some measure of relief at the present session of Congress. In 1896, when the maximum was reached, 58,772,749 pounds of coffee were exported, at a value of \$8,318,604 in gold. The year after the cyclone the amount dropped to 12,157,240 pounds, valued at \$1,678,765, and last year the export of this product reached only 16,849,739 pounds, valued at \$2,141,009. Thus it will be observed that this crop, which, prior to the cyclone, formed the basis of wealth in Porto Rico, has never recovered from the disaster, and represents now but twenty-five per cent. of its former value. This unfortunate condition is even more serious than the figures would indicate, as coffee is preeminently the crop of the small proprietor. The United States census of Porto Rico for 1899 gives the number of coffee plantations as 21,693, and the entire area planted 197,031 *cuerdas*, (a *cuerda* being practically the equivalent of an acre), an average of only nine *cuerdas* per plantation. Compare this with the United States, where in 1890 the average farm contained 137 acres, of which 78 were improved.\* The extent of the coffee-plantations at that time is also surprising. According to the same census, forty-one per cent. of the total cultivated acreage of the island, nearly one-tenth of its entire area, was planted in coffee. To the small owner, the cultivation of coffee is comparatively easy. But little capital is required, provided that the planter can wait the necessary six or seven years for the trees to reach maturity. Expensive implements are not absolutely necessary, and the peon or day-laborer, with the aid of his family, can readily cultivate three or four acres, at the same time devoting a portion of the year to work on the larger plantations. Moreover, conditions of labor on coffee-plantations among

\* I have not at hand statistics for 1900.

the hills and under shade-trees are healthier than in the sugar-cane fields on the coast, where there is no protection from the direct rays of the sun. Another reason for the importance of coffee to Porto Rico arises from the fact that the interior, and by far the greater, portion of the island is mountainous, and therefore well adapted to the cultivation of coffee, although not suitable for plantations of sugar-cane, cocoanuts, or Sea Island cotton. Thus, no other crop can be substituted in its place. Upon the future of this product depends the prosperity or poverty of a very great section of the country. The solution of the problem lies in an import duty of from three to five cents per pound on foreign-grown coffee. This is the greatest need of the island at the present time, immeasurably greater than the modification of the restriction upon the holdings of agricultural corporations, however advantageous such modification would be. Objection has been made that such a duty would compel a large portion of the inhabitants of the United States to contribute to the benefit of a few, as Porto Rico can at best supply but a small percentage of the coffee consumed. The Philippines and Hawaii could, however, add greatly to this supply. The greatest production in Porto Rico, in round figures, 59,000,000 pounds, can be increased several times, while it is estimated that with a protective duty Hawaii could produce upwards of 100,000,000 pounds. The Philippine Islands, with their large area, would add greatly to the supply of this product, which a few years ago ranked fourth in its list of exports,\* but which has of late years been grown only in insignificant quantities. All well-wishers of Porto Rico are therefore anxiously hoping for legislation by Congress looking to the encouragement of this industry.

In addition to the products mentioned, there are encouraging signs of activity in other branches of agriculture, such as Sea Island cotton and citrus fruits. During the past fiscal year, 514,122 pounds of excellent cotton, valued at \$138,386, have been exported. The cultivation of citrus fruits is still in its infancy, but there are promises of an excellent crop within the next two years. Several thousand acres are already set out in orange groves, and a small supply of excellent fruit has been produced.

It is encouraging to notice from the following tables that the balance of trade has of late been in favor of the island:

\* The Census of the Philippine Islands, Vol. IV., page 76.

Fiscal Year.	Imports.	Exports.	Excess o. Imports.	Excess of Exports.	Total Exports and Imports.
1901 . . . . .	\$9,366,230	\$8,583,967	\$782,263		\$17,950,197
1902 . . . . .	13,209,610	12,433,956	775,654		25,643,566
1903 . . . . .	14,449,286	15,089,079		\$639,793	29,538,365
1904 . . . . .	13,169,029	16,265,903		3,096,874	29,434,982
1905 . . . . .	16,536,259	18,709,565		2,173,306	35,245,824

In view of General Stone's remark that the country is "poorer than ever," it is interesting to compare the total trade of the island for the past few years with statistics for the three years prior to American occupation. The value of the total exports and imports for these years was as follows: 1895, \$19,946,793; 1896, \$22,771,474; 1897, \$21,859,645. In the past eight years, therefore, the total trade of Porto Rico has increased over sixty per cent. For the fiscal year just concluded, the figures are the highest reached in the history of the island.

It is true that there are but few railways in Porto Rico, but more has been accomplished than was asserted by General Stone. The American Railroad Co. has in operation approximately 171 miles of road, one-fourth having been built since American occupation. Twenty-seven additional miles of road are now under construction by this company and will be completed within a year. Short electric lines have also been built between San Juan and the town of Rio Piedras, seven miles distant, and between Ponce and its port; and two other steam-railway lines, one on the south and one on the east coast, are in process of building. The railway mileage is approximately equal to that of the neighboring island of Jamaica,\* which closely resembles Porto Rico in topography, climate, latitude, area, and fertility of soil. The mileage is not great, but it must be remembered that Porto Rico is only one hundred miles long by thirty-six wide.

The statement that there are 600 deaths monthly from starvation is totally untrue. In countries such as Porto Rico, where a careful diagnosis of disease is not always made, this being the case especially in the poorer districts where physicians are frequently not at hand to attend to the sick and dying, it is somewhat difficult to refute such a fanciful statement by definite statistics of the various causes of death. It will be a sufficient refutation, however, to state that for the past fiscal year the

\* Jamaica is an English colony, situated some five hundred miles west of Porto Rico, between 17° 43' and 18° 32' North. Its area is 4,207 1-6 square miles. Its railway mileage is 184 1/2. Porto Rico is situated between 17° 50' and 18° 30' North latitude. Its area is approximately 3,806 square miles. Its railway mileage in operation is 187.

death-rate for all causes was 22.73 per thousand, a low rate for a tropical country,\* and less than at any time during the ten years prior to American occupation. During the years from 1888 to 1897,† the death-rate varied from 24.6 to 34.4 per thousand, the average being 29.6. Furthermore, in spite of the steadily increasing population‡ and the greater care exercised in registering all deaths that occur, there were actually fewer deaths last year than in any year, with but one exception, since 1887. Formerly, many deaths due to *uncinariasis*, a disease caused by a parasitic worm, readily curable, but which in many aspects resembles starvation, were attributed to that cause. Possibly this was the case in the statement quoted by General Stone, but even this would not explain the figures. The Insular Government has recently established stations throughout the island for the treatment of *uncinariasis*, under the direction of able physicians, and many thousands of cures have been effected. In the months of June, July, August and September of this year, more than 16,000 cases have been treated with signal results. It cannot be denied, however, that the peon, especially in the coffee regions of the interior, is poor—indeed distressingly so; his house is badly constructed and his clothes are but scanty. Tropical fruits, especially the plantain, however, grow readily, and with but little labor a crop of potatoes or Indian corn, sufficient to keep body and soul together, can be cultivated. Not a very cheerful picture, certainly, but one which again points to the necessity of stimulating the coffee industry. The problem of uplifting and improving the condition of laborers in tropical countries, always difficult, is rendered far more serious in Porto Rico owing to the density of its population, approximately 264 inhabitants to the square mile.

At the beginning of his article, General Stone quoted an extract from "The Expansionist" of February, 1902, to the effect that "a responsible contractor of San Juan quotes common labor at thirty cents per day of eleven hours, and mechanics at one dollar." I have consulted several of the most important contractors in San Juan, and all give a much higher rate. One

\* In Jamaica with considerably less density of population (189 to the square mile), the average death-rate for the years 1896-1904 was 22.1 per thousand.

† The statistics I have at hand run back only through the year 1888.

‡ The population has increased approximately 25 per cent. since 1888.

quotes unskilled labor at seventy cents and skilled labor at one dollar to three dollars and fifty cents for an eight-hour day. Another reports unskilled labor at seventy-five cents to one dollar, and mechanics at one dollar and fifty cents to two dollars and twenty-five cents for a nine-hour day. A third fixes eight cents per hour for unskilled labor, and fifteen to twenty-five cents per hour for skilled labor. The largest tobacco company in San Juan pays one dollar per day of nine hours for unskilled labor. Dock laborers receive sixteen and one-half cents per hour on regular working-days, and twenty-five cents per hour on Sundays, legal holidays and for night labor. Outside of San Juan the price of unskilled labor is lower, averaging between forty and sixty cents per day.

There is always a class of men, especially in any new field or enterprise, whose excessive optimism leads them to plan alluring projects, and in their forecast to show a magnificent disregard for the obstacles and difficulties which must be overcome before success is attained. Sooner or later, but inevitably, their iridescent bubble of optimism is pricked. Porto Rico was no exception. When General Miles landed in Guanica on July 25th, 1898, there were those who, without knowledge or experience of the natural conditions in the tropics, climatic and otherwise, imagined that the island would immediately leap forward into untold prosperity, and that there would be a tremendous "boom," a condition that is frequently dangerous, often artificial, and always disastrous when the reaction sets in. That there was no such boom is due principally to the ravages of the hurricane; but the disappointed expectations have led to the charge that the United States has failed in Porto Rico. The foregoing statistics will prove that there has been no failure. With the exception of coffee, there has been a steady and natural advance along all industrial lines. The following translation of an extract from the annual report of the President of the Porto-Rican Chamber of Commerce, Señor Manuel Paniagua, for the year 1904, illustrates the opinion of a prominent and capable Porto-Rican on the industrial condition of the island:

"The financial situation of the island, as I said before, has improved greatly in comparison with preceding years, and the future now appears brighter. But one cloud on the horizon of our prosperity prevents its becoming instant and complete. This cloud is the coffee crisis. If, in

their struggle for existence, the coffee-planters manage to hold their own during the time necessary for the production and the world's consumption to counterbalance each other, or, until the United States Congress no longer delays in granting tariff protection, the coffee industry of our island will have been saved, and we may then congratulate ourselves upon our complete economic welfare."

I have spoken only of industrial conditions, but much has been accomplished in other ways. Peace and order prevail; justice is amply provided; the courts are honest and free from personal or political influence; civil and criminal codes, based upon statutes in force in the United States, have been introduced; 275 miles of first-class macadam roads have been built, as contrasted with 166 miles constructed under the previous régime. Sixty-two public-school houses have been built or are under construction. These are much needed, none having been built prior to American occupation. More than double the number of children are being educated; more than double the number of teachers are employed, and more than double the number of schools maintained.\* In fact, with protection to coffee, and with the repeal or the modification of the restriction of which General Stone so bitterly complained, the industrial development of Porto Rico seems assured. Its fertile soil and abundant rainfall, its beautiful scenery and magnificent winter climate, and its location on the direct line of commerce to and from the Panama Canal, all promise well for the future. It is too much to hope for immediate and universal prosperity, but the island is rapidly emerging from a most serious crisis, and is now on a firmer economic basis than ever before.

BEEKMAN WINTHROP.

\* June 30th, 1898—Schools maintained, 551; school-children enrolled, 25,644; average attendance, 18,243; teachers employed, 551. (Report of Brigadier-General Davis, Military Governor of Porto Rico, May 9th, 1899—May 1st, 1900.) 1905—Schools maintained, 1,104; school-children enrolled, 68,855; average attendance, 45,201; teachers employed, 1,210.